

Intragovernmental Eliminations



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Overview

- Reporting Requirements
- Intragovernmental Transactions (IGT)
- Examples
- Treasury Requirements
- Levels of IGT
- DoD's Material Weakness
- The Solution
- Your Role
- Resources

Reporting Requirements

- Generally Accepted Accounting Principles (GAAP) require the elimination of intragovernmental transactions from consolidated financial statements to prevent overstating accounts for intra/inter-entity activity

Intragovernmental (IGT) Transactions

- Any transactions involving sales, services or transfers within or between two entities of the federal government

Examples of Intragovernmental Transactions

- Intragovernmental buy/sell transactions
- Intragovernmental transfers
- Employee benefits transactions


Examples of Non-Federal Transactions

- Payments to individuals
- Payments to vendors/contractors
- Direct-cite MIPRs
- Transactions with state/local governments
- Transactions with Non-Appropriated Funds

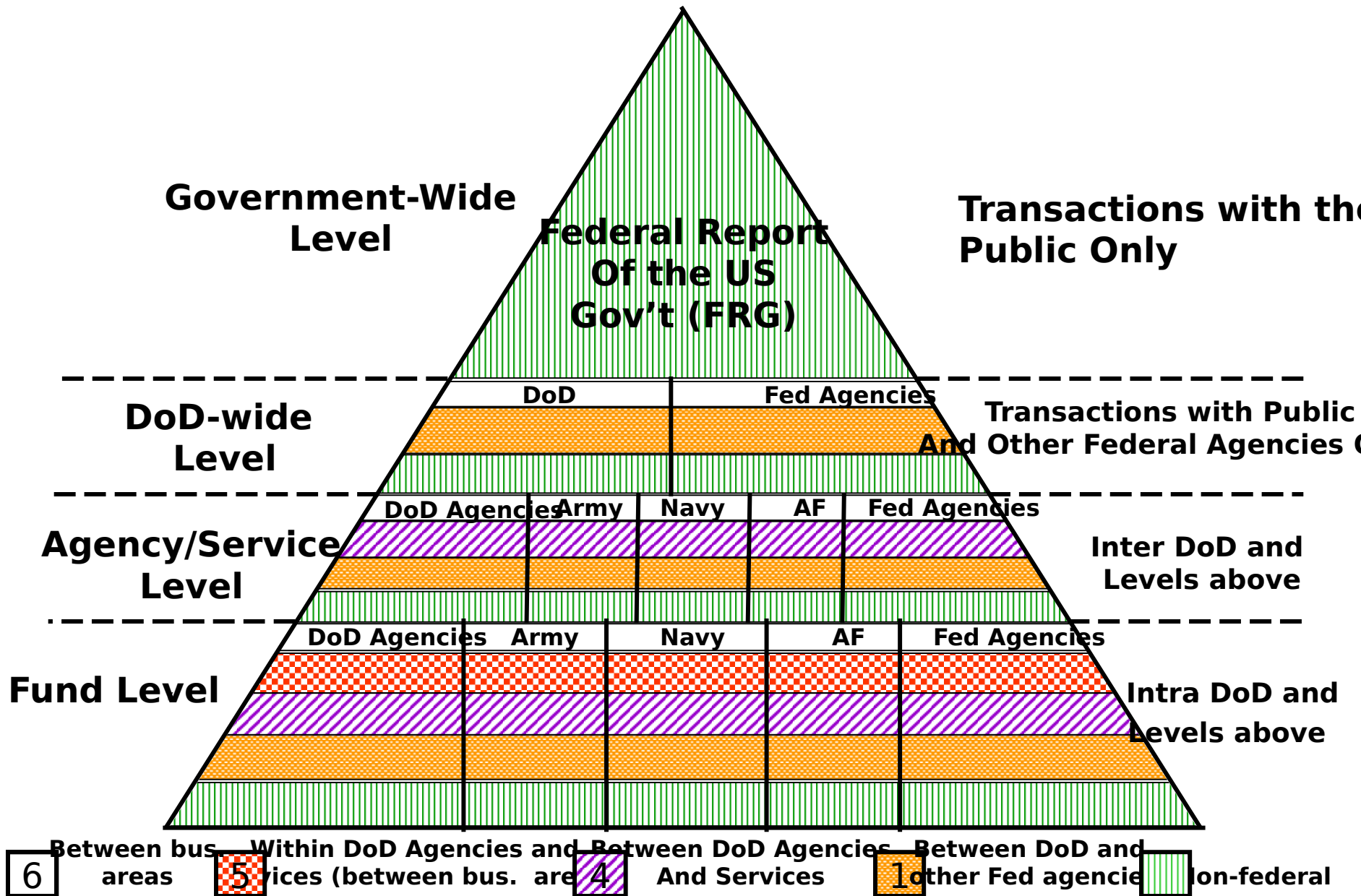
Treasury Requirements

- US Standard General Ledger (USSGL) reporting with attributes
 - “F” = intragovernmental
 - “N” = non-federal
- Trading partner list for all “F” transactions
- Reciprocal Categories
- Reconciliation

Levels of Intragovernmental Transactions

- Treasury recognizes 2 levels
 - Level 1 = Between DoD and Non-DoD Entities
 - Level 2 = Between DoD Components
 - DoD recognizes additional levels
 - Level 3 = Within DoD Components
 - Level 4 = Between DoD Agencies
 - Level 5 = Between Entities of one Agency
 - Level 6 = Within an Entity
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- Levels 4, 5, 6
really sublevels of 3

Effects of IGT on Federal Financial Statements



DoD's Material Weakness

- DoD cannot support eliminations with the details required to pass an audit
 - No transaction level support
 - A large portion of IGT and partners estimated
 - Unsupported transactions to “force” IGT
- To achieve an unqualified audit opinion DoD must overcome this obstacle

The Solution

- The Intragovernmental Transactions Exchange (IGTE)
 - OMB Business rules
 - IGTE addresses only level 1 transactions
- The DoD Intragovernmental Transactions System (IGTS)
 - Summarize buyer/seller data for supported IGT
 - Capture details where current systems cannot
 - Repository of all IGT for reconciliation

Your Role in IGT Improvement

- Take ownership of the process
 - Provide input
 - Understand the impact of IGT
 - Make informed decisions
 - Challenge as appropriate
- Waived entities
 - Ensure integrity of buyer data pushed to sellers
 - Validate that sellers match your data in DDRS
 - Waived entities do not “adjust”, they correct

Resources

- Treasury FMS FACTS I Regulations Website:
 - <http://www.fms.treas.gov/factsi/regulations.html>
- Treasury FMS USSGL Website:
 - <http://www.fms.treas.gov/ussgl>
- OMB Website:
 - <http://www.whitehouse.gov/omb>
- GAO Website:
 - <http://www.gao.gov>
- DoDFMR Volume 6b, Chapter 13:
 - <http://www.dod.mil/comptroller/fmr>

Success is
Achievable